

## Message Text

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ACTION EB-07

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-02 SS-15 NSC-05

NSCE-00 SSO-00 USIE-00 INRE-00 /045 W

----- 019723

O 280447Z MAR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 1712

C O N F I D E N T I A L MANILA 3865

E.O. 11652: GDS

TAGS: EAIR, RP

SUBJECT: CIVAIR --PAL SCHEDULE

REF: A. STATE 069600

B. MANILA 3498

1. EMBASSY SURPRISED TO NOTE FROM REF A THAT U.S. CAB ACTING CHAIRMAN HAS ADDRESSED LETTER TO CHAIRMAN PHILIPPINES CAB DEALING WITH CERTAIN BASIC POLICY ISSUES BETWEEN U.S. AND PHILIPPINES AS CODICIL TO ITS ACTION ON PAL FREQUENCY REQUEST. IT IS EMBASSY'S CLEAR UNDERSTANDING OF U.S. AVIATION POLICY THAT BROAD MATTERS OF THIS TYPE SHOULD BE RESERVED TO DIPLOMATIC CHANNELS AND THAT CAB TO CAB COMMUNICATIONS SHOULD BE DIRECTED TO THE SORT OF TECHNICAL MATTERS WHICH FALL CLEARLY WITHIN CAB'S EXCLUSIVE COMPETENCE.

2. MOREOVER, EMBASSY SERIOUSLY QUESTIONS WISDOM OF TACTIC WHICH U.S. CAB SEEKS TO EMPLOY IN DEALING WITH THIS PAL FREQUENCY APPLICATION. DUE TO EASTER HOLIDAYS, WE WOULD HAVE NO RPT NO WAY DELIVERING THIS LETTER OFFICIALLY TO ASPIRAS PRIOR TO MARCH 31. WE THEREFORE ASSUME THAT PAL WOULD COMMENCE ITS NEW FREQUENCIES APRIL 1, AS PLANNED, AND WOULD SUBSEQUENTLY, ON OR ABOUT APRIL 5 REPLY TO U.S. CAB LETTER REJECTING "CONDITIONS" CONCERNING PAN AM ALL-CARGO OPERATIONS. THIS MEANS THAT U.S. WOULD BE FACED WITH CHOICE  
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OF (A) IGNOMINIOUSLY WITHDRAWING THAT "CONDITION", OR (B)

UNRAVELLING OUR ENTIRE CIVIL AVIATION ARRANGMENT WITH PHILIPPINES FOR SAKE OF OUR ALL-CARGO RIGHT WHICH WE KNOW PAN AM DOES NOT RPT NOT INTEND TO EXERCISE IN ANY FORM COVERED BY THE AGREEMENT.

3. WE PREVIOUSLY PROPOSED A FORMULA (REF B) WHICH WAS EXPLICITLY DESIGNED TO AVOID DILEMMA INHERENT IN U.S. CAB LETTER, BUT WHICH WOULD, NEVERTHELESS, PRESERVE U.S. POSITION WITH RESEPECT APPLICABILITY AUGUST 10, 1974 AGREEMENT TO PAN AM ALL-CARGO TRAFFIC. THIS IS A FAR SIMPLER AND EFFECTIVE WAY OF HANDLING THIS MATTER; AND MOREOVER, HANDLING IT BY DIPLOMATIC NOTE IS MORE APPROPRIATE.

4. FOLLOWING IS TEXT OF NOTE WHICH EMBASSY PROPOSES SEND TO PHILIPPINE DEPARTMENT OF FOREIGN AFFAIRS AT OPENING OF BUSINESS MARCH 31 (FORMAL OPENING AND CLOSE OMITTED):

QUOTE: THE EMBASSY WISHES TO INFORM THE DEPARTMENT THAT PURSUANT TO THE TERMS OF THE AUGUST 10, 1974 INTERIM AGREEMENT, AND IN ACCORDANCE WITH THE SCOPE OF THAT AGREEMENT AS SPECIFIED IN THE EMBASSY'S NOTE OF MARCH 7, 1975, THE U.S. CIVIL AERONAUTICS BOARD HAS APPROVED THE INAUGURATION OF DAILY DC-10 SERVICES BY PHILIPPINE AIRLINES, WITH EFFECT FROM APRIL 1, 1975, ON THE UNDERSTANDING THAT (A) FULL RIGHTS AS SPECIFIED UNDER THE AUGUST 10, 1974 AGREEMENT SHALL BE ACCORDED TO SCHEDULED U.S. COMBINATION CARRIERS, PAN AMERICAN WORLD AIRWAYS AND NORTHWEST AIRLINES; (B) OPERATIONS OF THE U.S. ALL-CARGO CARRIER, FLYING TIGER LINES, SHALL CONTINUE WITHOUT INTERRUPTION; AND (C) THE RIGHT OF PAN AMERICAN WORLD AIRWAYS TO OPERATE ALL-CARGO SERVICES UNDER THE TERMS OF THE AUGUST 10, 1974 AGREEMENT AT ANY TIME DURING THE LIFE OF THAT AGREEMENT SHALL IN NO WAY BE PREJUDICED BY THE AFORESAID APPROVAL OF THE PHILIPPINE AIRLINES SCHEDULE. UNQUOTE.

5. ACTION REQUESTED: REQUEST DEPT TAKE IMMEDIATE ACTION TO WITHDRAW U.S. CAB LETTER OF MARCH 26. EMBASSY WILL SHORTSTOP SIGNED ORIGINAL WHEN IT ARRIVES HERE VIA AIRPOUCH. IN ITS PLACE, REQUEST DEPT OBTAIN APPROPRIATE CLEARANCES FOR TEXT OF PROPOSED NOTE CONTAINED PARAGRAPH 4 ABOVE. CONFIDENTIAL

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IN MEANTIME, SUGGEST DEPT WARN U.S. CARRIERS THAT, IN THE ABSENCE OF U.S. ACTION TO FULFILL RECIPROCITY ASPECTS OF PHIL CAB FREQUENCY APPROVALS, THEY SHOULD BE AWARE THAT THEY WILL PROCEED AT THEIR OWN CONSIDERABLE RISK IF THEY ATTEMPT FLY THEIR APRIL 1 SCHEDULES. IT IS OUR JUDGMENT THAT PHIL CAB WOULD LOVE TO RECIPROCATATE AGAINST U.S. CAB SEIZURE OF PAL DC-10 IN SAN FRANCISCO BY SEIZING ONE EACH PAN AM AND NWA 747 IN MANILA.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 MAR 1975  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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